Independent Auditor's Reports
Basic Financial Statements
And Supplementary Information
Schedule of Findings

June 30, 2008

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## Officials

| Name   | Term Expires                                 |                      |  |  |  |  |  |  |
|--|--|----------------------|--|--|--|--|--|--|
|  | Board of Education                           |                      |  |  |  |  |  |  |
| (Before September 2007 Election)             |  |                      |  |  |  |  |  |  |
| Kevin Schipper                               | President                                    | 2009                 |  |  |  |  |  |  |
| Tom Manifold                                 | Vice President                               | 2007                 |  |  |  |  |  |  |
| Leon Johnson<br>Calvin Voss<br>Jill Kalkwarf | Board Member<br>Board Member<br>Board Member | 2008<br>2008<br>2009 |  |  |  |  |  |  |
| (After September 2007 Election)              |  |                      |  |  |  |  |  |  |
| Kevin Schipper                               | President                                    | 2009                 |  |  |  |  |  |  |
| Tom Manifold                                 | Vice President                               | 2010                 |  |  |  |  |  |  |
| Leon Johnson<br>Calvin Voss<br>Jill Kalkwarf | Board Member<br>Board Member<br>Board Member | 2008<br>2008<br>2009 |  |  |  |  |  |  |
|  | School Officials                             |                      |  |  |  |  |  |  |
| Jon Thompson                                 | Superintendent                               | 2008                 |  |  |  |  |  |  |
| Patricia Gosch                               | District Business Manager                    | 2008                 |  |  |  |  |  |  |
| Melinda Muller                               | Board Secretary                              | 2008                 |  |  |  |  |  |  |
| Klinkenborg, Hansmann<br>& Peterson          | Attorney                                     | 2008                 |  |  |  |  |  |  |

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#### Independent Auditor's Report

To the Board of Education of
Aplington-Parkersburg Community School District:

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District, Parkersburg, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 23, 2008 on my consideration of Aplington-Parkersburg Community School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 12 and 33 through 34 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Aplington-Parkersburg Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in my audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Keith Oltrogge

Certified Public Accountant

December 23, 2008

#### MANAGEMENT'S DISCUSSION AND ANALYSIS

Aplington-Parkersburg Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### 2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,902,977 in fiscal 2007 to \$7,163,316 in fiscal 2008, while General Fund expenditures decreased from \$6,745,027 in fiscal 2007 to \$6,730,715 in fiscal 2008. This resulted in an increase in the District's General Fund balance from \$448,360 in fiscal 2007 to \$880,961 in fiscal 2008, a 49% increase from the prior year.
- The increase in General Fund revenues was attributable to an increase in property taxes and state revenue. The decrease in expenditures was due primarily to a decrease in instructional expenditures.

#### USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Aplington-Parkersburg Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Aplington-Parkersburg Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Aplington-Parkersburg Community School District acts solely as an agent or custodian for the benefit of those outside of County government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1 Aplington-Parkersburg Community School District Annual Financial Report

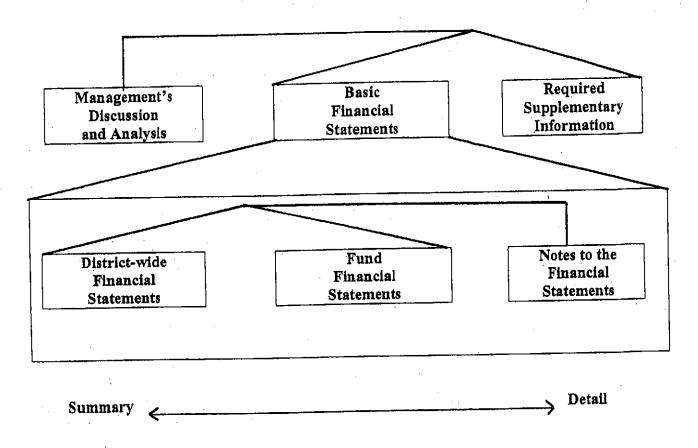


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

|   |  |  | Fund Statements  |   |
|---|--|--|--|---|
|   | Government-wide<br>Statements  | Governmental Funds   | Proprietary Funds  | Fiduciary Funds   |
| Scope                                   | Entire District<br>(except fiduciary<br>funds)                                     | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance   | Activities the District operates similar to private businesses: food services and adult education                | Instances in which<br>the District<br>administers<br>resources on behalf<br>of someone else,<br>such as scholarship<br>programs |
| Required financial statements           | Statement of net assets  Statement of activities                                   | Statement of revenues, expenditures and changes in fund balances   | Statement of net assets  Statement of revenues, expenses and changes in fund net assets  Statement of cash flows | Statement of fiduciary net assets  Statement of changes in fiduciary net assets   |
| Accounting basis and measurement focus  | Accrual accounting and economic resources focus                                    | Modified accrual accounting and current financial resources focus  | Accrual accounting and economic resources focus  | Accrual accounting and economic resources focus   |
| Type of asset/<br>liability information | All assets and liabilities, both financial and capital, short-term and long-term   | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included   | All assets and liabilities, both financial and capital, short-term and longterm                                  | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can     |
| Type of inflow/<br>outflow information  | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter | All revenues and expenses during the year, regardless of when cash is received or paid                           | All additions and deductions during the year, regardless of when cash is received or paid                                       |

### REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

#### Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- Business type activities: The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program and Before and After School Program are included here.

#### Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

#### The District has three kinds of funds:

1) Governmental funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, and Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

2) Proprietary funds: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Before and After School Program Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) Fiduciary funds: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust Funds.
  - Private-Purpose Trust Fund The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds includes a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliation between the government-wide financial statements and the fund financial statements follow the fund financial statements.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3

|   |              | C           | ondensed S     | Statement o | of Net Assets |             |                    |  |
|---|--------------|-------------|----------------|-------------|---------------|-------------|--------------------|--|
| •   | Governmental |             | Busines        | s Type      | Tot           | al          | Total              |  |
|   | Activ        | ities       | Activ          | ities       | Dist          | rict        | Change<br>June 30, |  |
|   | June         | 30,         | June           | 30,         | June          | 30,         |                    |  |
|   | 2008         | 2007        | 2008           | 2007        | 2008          | 2007        | 2007-2008          |  |
| Current and other assets                        | \$7,065,236  | \$5,490,227 | \$31,902       | \$20,970    | \$7,097,138   | \$5,511,197 | \$1,585,941        |  |
| Capital assets                                  | 1,604,244    | 1,921,934   | 19,861         | 33,643      | 1,624,105     | 1,955,577   | -331,472           |  |
| Total assets                                    | \$8,669,480  | \$7,412,161 | \$51,763       | \$54,613    | \$8,721,243   | \$7,466,774 | \$1,254,469        |  |
| Long-term liabilities                           | \$2,386,134  | \$2,555,546 | \$-            | <b>\$</b> - | \$2,386,134   | \$2,555,546 | -\$169,412         |  |
| Other liabilities                               | 3,357,269    | 3,565,713   | 15,942         | 16,110      | 3,373,211     | 3,581,823   | -208,612           |  |
| Total liabilities                               | \$5,743,403  | \$6,121,259 | \$15,942       | \$16,110    | \$5,759,345   | \$6,137,369 | -\$378,024         |  |
| Net assets:                                     |              |             |                |             |               |             |                    |  |
| Invested in capital assets, net of related debt | -\$555,756   | -\$408,066  | \$19,861       | \$33,643    | -\$535,895    | -\$374,423  | -\$161,472         |  |
| Restricted                                      | 2,140,397    | 37,728      | <b>417,001</b> | _           | 2,140,397     | 37,728      | 2,102,669          |  |
| Unrestricted                                    | 1,341,436    | 1,661,240   | 15,960         | 4,860       | 1,357,396     | 1,666,100   | -308,704           |  |
| Total net assets                                | \$2,926,077  | \$1,290,902 | \$35,821       | \$38,503    | \$2,961,898   | \$1,329,405 | \$1,632,493        |  |

The District's combined net assets increased by nearly 55%, or approximately \$1,632,000, over the prior year. The largest portion of the District's net assets is restricted. In the Restricted Fund are the proceeds from the May 25 tornado.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets increased approximately \$2,103,000, or 98% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$309,000, or 18.6%.

Figure A-4 shows the change in net assets for the year ended June 30, 2008.

Figure A-4
Changes in Net Assets

| Changes in Net Assets |   |  |  |  |  |  |
|-----------------------|---|--|--|--|--|--|
|                       | Business  |  |  |  |  |  |
| Governmental          | Type  | Total  |  |  |  |  |
| Activities            | Activities  | District   |  |  |  |  |
| •                     |   |  |  |  |  |  |
|                       |   |  |  |  |  |  |
| \$648,546             | \$253,680   | \$902,226  |  |  |  |  |
|                       |   |  |  |  |  |  |
| 812,163               | 150,989   | 963,152  |  |  |  |  |
|                       |   |  |  |  |  |  |
| -                     | -   | -  |  |  |  |  |
|                       |   |  |  |  |  |  |
| 2,948,462             | -   | 2,948,462  |  |  |  |  |
| 460,235               | -   | 460,235  |  |  |  |  |
| 3,309,495             | -   | 3,309,495  |  |  |  |  |
| 88,933                | 135   | 89,068   |  |  |  |  |
| 131,280               |   | 131,280  |  |  |  |  |
| \$8,399,114           | \$404,804   | \$8,803,918  |  |  |  |  |
|                       |   |  |  |  |  |  |
|                       |   |  |  |  |  |  |
| \$5,182,662           | \$-   | \$5,182,662  |  |  |  |  |
| 2,065,122             | -   | 2,065,122  |  |  |  |  |
| 10,531                | 395,895   | 406,426  |  |  |  |  |
| 516,832               | -   | 516,832  |  |  |  |  |
| \$7,775,147           | \$395,895   | \$8,171,042  |  |  |  |  |
| \$623,967             | \$8.909   | \$632,876  |  |  |  |  |
| <del>-</del>          | •   | 999,617  |  |  |  |  |
| 1,011,200             | 11,571  | 222,011  |  |  |  |  |
| \$1,635,175           | -\$2,682  | \$1,632,493  |  |  |  |  |
|                       | Governmental Activities  \$648,546  \$12,163  2,948,462 460,235 3,309,495 88,933 131,280 \$8,399,114  \$5,182,662 2,065,122 10,531 516,832 \$7,775,147  \$623,967 1,011,208 | Governmental Activities         Business Type Activities           \$648,546         \$253,680           812,163         150,989           -         -           2,948,462         -           460,235         -           3,309,495         -           88,933         135           131,280         -           \$8,399,114         \$404,804           \$5,182,662         \$-           2,065,122         -           10,531         395,895           516,832         -           \$7,775,147         \$395,895           \$623,967         \$8,909           1,011,208         -11,591 |  |  |  |  |

Property tax and unrestricted state grants account for 71% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 89% of the total expenses.

### **Governmental Activities**

Revenues for governmental activities were \$8,399,114 and expenses were \$7,775,147. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5
Total and Net Cost of Governmental
Activities

|                            | Total Cost  | Net Cost    |
|----------------------------|-------------|-------------|
|                            | of Services | of Services |
| Instruction                | \$5,182,662 | \$3,794,622 |
| Support Services           | 2,065,122   | 1,992,453   |
| Non-instructional programs | 10,531      | 10,531      |
| Other expenses             | 516,832     | 516,832     |
| Totals                     | \$7,775,147 | \$6,314,438 |
|                            |             |             |

- The cost financed by users of the District's programs was \$902,226.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$963,152.
- The net cost of governmental activities was financed with \$2,948,462 in property and other taxes and \$3,309,495 in unrestricted state grants.

#### **Business Type Activities**

Revenues for business type activities were \$404,804 and expenses were \$395,895. The District's business type activities include the School Nutrition Fund and Before and After School Program. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

### INDIVIDUAL FUND ANALYSIS

As previously noted, Aplington-Parkersburg Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,926,077, above last year's ending fund balances of \$1,290,902.

### Governmental Fund Highlights

- The General Fund balance increased from \$448,360 to \$880,961, due in part to the increase in property taxes and state revenue.
- The Physical Plant and Equipment Levy (PPEL) Fund balance decreased from \$20,382 in fiscal 2007 to \$5,950 in fiscal

#### **Proprietary Fund Highlights**

School Nutrition Fund net assets decreased from \$36,702 at June 30, 2007 to \$32,752 at June 30, 2008, representing a
decrease of approximately 11%. Before and After School Fund net assets increased from \$1,801 at June 30, 2007 to \$3,069
at June 30, 2008.

#### **BUDGETARY HIGHLIGHTS**

Over the course of the year Aplington-Parkersburg School District amended its budget on time to reflect additional expenditures in the other expenditures function area.

The District's receipts were \$205,881 more than budgeted receipts, a variance of 3.4%. The most significant variance resulted from the District receiving more in local revenue than originally anticipated.

The Districts total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice; the certified budget was exceeded in the other expenditures function area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At June 30, 2008, the District had invested \$1.60 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net decrease of 16.5% from last year. More detailed information about the District's capital assets is presented in Note 4 to the financial statements. Depreciation expense for the year was \$312,144.

The original cost of the District's capital assets was \$9.2 million. Governmental funds account for \$9.1 million, with the remainder of \$0.1 million accounted for in the Proprietary, School Nutrition Fund.

Figure A-6
Capital Assets, net of Depreciation

|                                   |             |                            | Debiecianon | <u> </u>          |             |               |                 |
|-----------------------------------|-------------|----------------------------|-------------|-------------------|-------------|---------------|-----------------|
|                                   |             | Governmental<br>Activities |             | ss Type<br>vities |             | otal<br>trict | Total<br>Change |
|                                   | June        | 30,                        | June        | 30,               | June        | e 30,         | June 30,        |
|                                   | 2008        | 2007                       | 2008        | 2007              | 2008        | 2007          | 2007-2008       |
| Land                              | \$103,065   | \$103,065                  | \$-         | <b>\$</b> -       | \$103,065   | \$103,065     | \$-             |
| Construction in process           |             | 25,000                     | •           | -                 | -           | 25,000        | -25,000         |
| Buildings                         | 685,102     | 929,435                    | -           | -                 | 685,102     | 929,435       | -244,333        |
| Improvements other than buildings | 364,667     | 323,573                    | -           | _                 | 364,667     | 323,573       | 41,094          |
| Furniture and equipment           | 451,410     | 540,861                    | 19,861      | 33,643            | 471,271     | 574,504       | -103,233        |
| Totals                            | \$1,604,244 | \$1,921,934                | \$19,861    | \$33,643          | \$1,624,105 | \$1,955,577   | -\$331,472      |

#### Long-Term Debt

At June 30, 2008, the District had \$2,386,134 in long-term debt outstanding. This represents a decrease of approximately 6.6% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 5 to the financial statements.

Figure A-7
Outstanding Long-term Obligations

| Total       |   |  |  |
|-------------|---|--|--|
| ct          | Change                                    |  |  |
| June 30,    |   |  |  |
| 2007        | 2007-2008                                 |  |  |
| \$1,400,000 | -\$170,000                                |  |  |
| 930,000     | -   |  |  |
| 225,546     | 588                                       |  |  |
| \$2,555,546 | -\$169,412                                |  |  |
|             | 2007<br>\$1,400,000<br>930,000<br>225,546 |  |  |

| General obligation bonds<br>Revenue bond |
|--|
| Early retirement                         |
| Totals                                   |

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The May 25, 2008 tornado destroyed the District's High School. The district is in the process of rebuilding, estimated cost is around \$20 million, which will be funded by insurance proceeds, bond issues and grants.
- The District continues to be financially dependent on state funding, which can change from year to year based on enrollments and legislative actions.
- The District continues to budget for building repairs and equipment replacement as the needs arise.
- The District's solvency ratio has increased from June 30, 2007 to June 30, 2008 from 6.6% to 11.8%.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jon Thompson, Superintendent, Aplington-Parkersburg Community School District, 215 10<sup>th</sup> Street, Aplington, IA, 50604.

**Basic Financial Statements** 

. The second contract of the second contract

### Statement of Net Assets

# June 30, 2008

|   |     | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities |     | Total      |
|---|-----|---------------------------------|--------------------------------|-----|------------|
| Assets  |     |                                 |                                | _   |            |
| Cash and Cash Equivalents                       | \$  | 4,120,634                       | \$<br>28,038                   | \$  | 4,148,672  |
| Receivables:                                    |     |                                 |                                |     |            |
| Property tax:                                   |     |                                 |                                |     | 20.024     |
| Delinquent                                      |     | 38,824                          | -                              |     | 38,824     |
| Succeeding year                                 |     | 2,540,680                       | <b>5</b> 0.5                   |     | 2,540,680  |
| Accounts  |     | 109,846                         | 705                            |     | 110,551    |
| Due from other governments                      |     | 255,252                         | 2.150                          |     | 255,252    |
| Inventories                                     |     | -                               | 3,159                          |     | 3,159      |
| Capital assets, net of accumulated depreciation |     | 1,604,244                       | <br>19,861                     |     | 1,624,105  |
| Total Assets                                    |     | 8,669,480                       | \$<br>51,763                   | \$  | 8,721,243  |
| Liabilities                                     |     |                                 |                                |     | , m, n.a.c |
| Due to other governments                        | \$  | 47,986                          | \$<br>-                        | \$  | 47,986     |
| Accounts payable                                |     | 102,781                         | 70                             |     | 102,851    |
| Salaries and benefits payable                   |     | 599,099                         | 8,757                          |     | 607,856    |
| Accrued interest payable                        |     | 20,273                          | -                              |     | 20,273     |
| Deferred Revenue:                               |     |                                 |                                |     | 0.540.600  |
| Succeeding year                                 |     | 2,540,680                       | -                              |     | 2,540,680  |
| Other   |     | 46,450                          | 7,115                          |     | 53,565     |
| Long-term liabilities:                          |     |                                 |                                |     |            |
| Portion due within one year:                    |     |                                 |                                |     |            |
| General obligation bonds                        |     | 200,000                         | •                              |     | 200,000    |
| Revenue bonds                                   |     | 170,000                         | -                              |     | 170,000    |
| Early retirement                                |     | 29,349                          | -                              |     | 29,349     |
| Portion due after one year:                     |     |                                 |                                |     |            |
| General obligation bonds                        |     | 1,030,000                       | -                              |     | 1,030,000  |
| Revenue bonds                                   |     | 760,000                         | -                              |     | 760,000    |
| Early retirement                                |     | 196,785                         |                                |     | 196,785    |
| Total Liabilities                               | \$_ | 5,743,403                       | \$<br>15,942                   | \$  | 5,759,345  |
| Net Assets                                      |     |                                 |                                |     |            |
| Invested in capital assets, net of related debt | \$  | -555,756                        | \$<br>19,861                   | \$  | -535,895   |
| Restricted for:                                 |     |                                 |                                |     |            |
| Debt service                                    |     | 89,026                          | -                              |     | 89,026     |
| Management levy                                 |     | -209,893                        | -                              |     | -209,893   |
| Physical plant and equipment levy               |     | 5,950                           | -                              |     | 5,950      |
| Other special revenue purposes                  |     | 2,255,314                       | -                              |     | 2,255,314  |
| Unrestricted                                    |     | 1,341,436                       | 15,960                         |     | 1,357,396  |
| Total Net Assets                                | \$  | 2,926,077                       | \$<br>35,821                   | \$_ | 2,961,898  |

# Statement of Activities

# Year Ended June 30, 2008

|   |             |                      |          |                            |    | Program Revenu  | es |   |
|---|-------------|----------------------|----------|----------------------------|----|---|----|---|
|   |             | Expenses             | _        | Charges<br>for<br>Services |    | Operating Grants, Contributions and Restricted Interest |    | Capital Grants, Contributions and Restricted Interest |
| Functions/Programs                                    |             |                      |          |                            |    |   |    |   |
| Governmental Activities:                              |             |                      |          |                            |    |   |    |   |
| Instruction:  | <b>a</b> r  | 2 442 215            | ¢.       | 207 246                    | e  | 679,741   | \$ | _   |
| Regular instruction                                   | \$          | 3,442,215<br>846,459 | \$       | 307,346<br>61,387          | D  | 111,021   | Ф  | <u>.</u>  |
| Special instruction                                   |             | 893,988              |          | 215,971                    |    | 12,574  |    | _   |
| Other instruction                                     |             | 5,182,662            | \$       | 584,704                    | \$ | 803,336   | -6 |   |
| O AGE done  |             | 3,162,002            | <u> </u> | 304,704                    | Φ. | 002,230   | J) |   |
| Support Services: Student services                    | \$          | 59,355               | \$       | _                          | \$ | 5,516   | \$ | -   |
| Instructional staff services                          | Ф           | 271,993              | Φ        | _                          | Ψ  | 5,510   | Ψ  | _   |
| Administration services                               |             | 619,547              |          | _                          |    | -   |    | -   |
| Operation and maintenance of plant services           |             | 751,225              |          | 1,142                      |    | 3,311   |    | -   |
| Transportation services                               |             | 363,002              |          | 62,700                     |    | -,  |    | -   |
| Transportation delivines                              | \$          | 2,065,122            | \$       | 63,842                     | \$ | 8,827   | \$ | -   |
| Non-instructional programs                            | _\$_        | 10,531               | \$       | -                          | \$ |   | \$ | <del>-</del>  |
| Other Expenditures:                                   |             |                      |          |                            |    |   |    |   |
| Facilities acquisition                                | \$          | 145,443              | \$       | -                          | \$ | _   | \$ | -   |
| Long-term debt interest                               |             | 110,500              |          | -                          |    | -   |    | -   |
| AEA flow-through                                      |             | 260,889              |          | -                          |    |   |    | -   |
| Ç   | \$          | 516,832              | \$       | -                          | \$ | •   | \$ | <del>-</del>  |
| Total Governmental Activities                         | _\$         | 7,775,147            | \$       | 648,546                    | \$ | 812,163   | \$ |   |
| Business Type Activities: Non-Instructional Programs: |             |                      |          |                            |    |   |    |   |
| Food service operations                               | \$          | 386,697              | \$       | 243,220                    | \$ | 150,989   | \$ | -   |
| Before & After School Program fees                    | <del></del> | 9,198                |          | 10,460                     |    | 140.000   |    | -   |
|   | \$          | 395,895              | \$       | 253,680                    | \$ | 150,989   | \$ | -   |
| Total   | _\$_        | 8,171,042            | \$       | 902,226                    | \$ | 963,152   | \$ | -   |

# Net (Expense) Revenue And Changes in Net Assets

|        | Governmental<br>Activities                              |          | Business<br>Type<br>Activities |        | Total   |
|--------|---|----------|--------------------------------|--------|---|
| \$<br> | -2,455,128<br>-674,051<br>-665,443<br>-3,794,622        | \$       | -<br>-<br>-                    | \$     | -2,455,128<br>-674,051<br>-665,443<br>-3,794,622        |
|        | 3,171,022   | <u> </u> |                                |        |   |
| \$     | -53,839<br>-271,993<br>-619,547<br>-746,772<br>-300,302 | \$       | -<br>-<br>-<br>-               | \$     | -53,839<br>-271,993<br>-619,547<br>-746,772<br>-300,302 |
| \$     | -1,992,453  | \$       | -                              | \$     | -1,992,453  |
| \$     | -10,531   |          | -                              | \$     | -10,531   |
| \$     | -145,443<br>-110,500<br>-260,889                        | \$       | -<br>-<br>-                    | \$     | -145,443<br>-110,500<br>-260,889                        |
| \$     | -516,832  | \$       | -                              | \$     | -516,832  |
| \$     | -6,314,438  | \$_      | _                              | \$     | -6,314,438  |
| \$<br> | -<br>-<br>-   | \$       | 7,512<br>1,262<br>8,774        | \$<br> | 7,512<br>1,262<br>8,774                                 |
|        |   | Ψ        | 0,777                          | Ψ      |   |
| _\$_   | -6,314,438  | \$_      | 8,774                          | \$     | -6,305,664  |

#### Statement of Activities

## Year Ended June 30, 2008

|          |          | Program Revenue | S             |
|----------|----------|-----------------|---------------|
|          |          | Operating       | Capital       |
|          |          | Grants,         | Grants,       |
|          |          | Contributions   | Contributions |
|          | Charges  | and             | and           |
|          | for      | Restricted      | Restricted    |
| Expenses | Services | Interest        | Interest      |

#### General Revenues:

Property Tax Levied For:
General purposes
Debt service
Capital outlay
Local option sales and services tax
Unrestricted state grants
Unrestricted investment earnings
Other

**Total General Revenues** 

Change in net assets

Proceeds from insurance – tornado Loss on assets – tornado

Net tornado gain (loss)

Change in net assets Net assets beginning of year

Net Assets End of Year

## Net (Expense) Revenue And Changes in Net Assets

| <br>Governmental<br>Activities  | Business<br>Type<br>Activities | Total   |
|---|--------------------------------|---|
| \$<br>2,638,998<br>249,366<br>60,098<br>460,235<br>3,309,495<br>88,933<br>131,280 | \$<br>135                      | \$<br>2,638,998<br>249,366<br>60,098<br>460,235<br>3,309,495<br>89,068<br>131,280 |
| \$<br>6,938,405   | \$<br>135                      | \$<br>6,938,540   |
| \$<br>623,967   | \$<br>8,909                    | \$<br>632,876   |
| \$<br>2,058,728<br>-1,047,520   | \$<br>-<br>-11,591             | \$<br>2,058,728<br>-1,059,111   |
| \$<br>1,011,208   | \$<br>-11,591                  | \$<br>999,617   |
| \$<br>1,635,175<br>1,290,902  | \$<br>-2,682<br>38,503         | \$<br>1,632,493<br>1,329,405  |
| <br>2,926,077   | \$<br>35,821                   | \$<br>2,961,898   |

## Balance Sheet Governmental Funds

### June 30, 2008

|  |      | General   |    | Debt<br>Service |    | Capital<br>Project:<br>Lost |     | Capital<br>Projects:<br>Tornado                |     | Non-major<br>Special<br>Revenue | ,  | Total          |
|--|------|-----------|----|-----------------|----|-----------------------------|-----|--|-----|---------------------------------|----|----------------|
| Assets                                 |      |           |    | 05.200          | •  | 400.001                     | er. | 2 020 014                                      | ø   | 274 (51                         | e  | 4 120 624      |
| Cash and Pooled Investments            | \$   | 1,308,638 | \$ | 85,300          | \$ | 422,231                     | \$  | 2,029,814                                      | \$  | 274,651                         | 7  | 4,120,634      |
| Receivables:                           |      |           |    |                 |    |                             |     |  |     |                                 |    |                |
| Property Tax:                          |      | 31,909    |    | 3,726           |    | _                           |     | _  |     | 3,189                           |    | 38,824         |
| Delinquent                             |      | 2,080,785 |    | 249,713         |    | _                           |     | _  |     | 210,182                         |    | 2,540,680      |
| Succeeding year Accounts               |      | 63,396    |    | 249,713         |    | -                           |     | 46,450   |     | -                               |    | 109,846        |
| Due from other governments             |      | 58,825    |    | -               |    | 196,427                     |     | -  |     | <u>.</u> .                      |    | 255,252        |
| Total Assets                           | \$   | 3,543,553 | \$ | 338,739         | \$ | 618,658                     | \$  | 2,076,264                                      | \$  | 488,022                         | \$ | 7,065,236      |
| Liabilities and Fund Balances          |      |           |    |                 |    |                             |     |  |     |                                 |    |                |
| Liabilities:                           |      |           |    |                 |    |                             |     |  |     |                                 | _  | 1 <b>=</b> 001 |
| Due to other governments               | \$   | 47,986    | \$ | •               | \$ |                             | \$  | -  | \$  | -                               | \$ | 47,986         |
| Accounts payable                       |      | 13,196    |    | -               |    | 48,781                      |     | 38,161   |     | 2,643                           |    | 102,781        |
| Salaries and benefits payable          |      | 520,625   |    | -               |    | -                           |     | -  |     | 78,474                          |    | 599,099        |
| Deferred Revenue:                      |      |           |    |                 |    |                             |     | 46.450   |     |                                 |    | 46,450         |
| Other                                  |      |           |    | 240.712         |    | -                           |     | 46,450   |     | 210,182                         |    | 2,540,680      |
| Succeeding year property tax           |      | 2,080,785 |    | 249,713         |    | -                           |     | <u>.                                      </u> |     | 210,102                         |    | 2,540,000      |
| Total Liabilities                      | _\$_ | 2,662,592 | \$ | 249,713         | \$ | 48,781                      | \$  | 84,611   | _\$ | 291,299                         | \$ | 3,336,996      |
| Fund Balances:                         |      |           |    |                 |    |                             |     |  |     |                                 |    |                |
| Reserved                               | \$   | 89,129    | \$ | -               | \$ | -                           | \$  | -  | \$  | -                               | \$ | 89,129         |
| Unreserved                             |      | 791,832   |    | 89,026          |    | 569,877                     |     | 1,991,653                                      |     | 196,723                         |    | 3,639,111      |
| Total Fund Balance                     | \$   | 880,961   | \$ | 89,026          | \$ | 569,877                     | \$  | 1,991,653                                      | \$  | 196,723                         | \$ | 3,728,240      |
|  |      |           | ·  |                 |    |                             |     |  |     |                                 |    |                |
| Total Liabilities and Fund<br>Balances | \$   | 3,543,553 | \$ | 338,739         | \$ | 618,658                     | \$  | 2,076,264                                      | \$  | 488,022                         | \$ | 7,065,236      |

# Reconciliation of the Balance Sheet – Governmental Funds To the Statement of Net Assets

## June 30, 2008

| Total fund balances of governmental funds (page 16)   | \$<br>3,728,240 |
|---|-----------------|
| Amounts reported for governmental activities in the Statement of Net Assets are different because:  |                 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds                         | 1,604,244       |
| Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds | -20,273         |
| Long-term liabilities, including early retirement and capital lease, are not due and payable in the current period and, therefore, are not reported in the funds        | <br>-2,386,134  |
| Net assets of governmental activities (page 13)   | \$<br>2,926,077 |

# Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

# Year Ended June 30, 2008

|   |              | General   |     | Debt<br>Service |    | Capital Projects: Lost |
|---|--------------|-----------|-----|-----------------|----|------------------------|
| Revenues:   | <del>-</del> |           |     |                 |    |                        |
| Local Sources:  |              |           |     |                 | _  | 450.00                 |
| Local tax   | \$           | 2,489,013 | \$  | 249,366         | \$ | 460,235                |
| Tuition   |              | 318,678   |     |                 |    | -                      |
| Other   |              | 236,925   |     | 4,729           |    | 25,352                 |
| Intermediate sources                                      |              | -         |     | -               |    | -                      |
| State sources   |              | 3,960,479 |     | 192             |    | •                      |
| Federal sources   |              | 158,221   |     |                 |    |                        |
| Total Revenues  |              | 7,163,316 | \$  | 254,287         | \$ | 485,587                |
| Expenditures:   |              |           |     |                 |    |                        |
| Current:  |              |           |     |                 |    |                        |
| Instruction:  | _            |           | •   |                 | •  |                        |
| Regular instruction                                       | \$           | 3,155,154 | \$  | -               | \$ | -                      |
| Special instruction                                       |              | 845,460   |     | -               |    | -                      |
| Other instruction   |              | 677,136   |     |                 | _  | -                      |
|   | \$           | 4,677,750 | \$  |                 | \$ | -                      |
| Support Services:   |              |           | _   |                 | •  |                        |
| Student services  | \$           | 59,355    | \$  | -               | \$ | 20.000                 |
| Instructional staff services                              |              | 210,277   |     | -               |    | 39,099                 |
| Administration services                                   |              | 611,976   |     | -               |    | -                      |
| Operation and maintenance of plant services               |              | 633,494   |     | -               |    | =                      |
| Transportation services                                   |              | 276,974   |     |                 |    | -                      |
|   | _\$          | 1,792,076 | \$  | -               | \$ | 39,099                 |
| Non-instructional programs                                | \$           |           | \$_ |                 | \$ | _                      |
| Other Expenditures:                                       |              |           |     |                 |    |                        |
| Facilities acquisition                                    | \$           | -         | \$  | -               | \$ | 1,076,467              |
| Long-Term Debt:   |              |           |     |                 |    |                        |
| Principal   |              | -         |     | 1,400,000       |    | -                      |
| Interest and fiscal charges                               |              | -         |     | 95,620          |    | -                      |
| AEA flow-through  |              | 260,889   |     | -               |    |                        |
|   | _\$_         | 260,889   | \$  | 1,495,620       | \$ | 1,076,467              |
| Total Expenditures  | \$           | 6,730,715 | \$  | 1,495,620       | \$ | 1,115,566              |
| Excess (deficiency) of revenues over (under) expenditures | _\$          | 432,601   | \$  | -1,241,333      | \$ | -629,979               |
| Other Financing Sources (Uses):                           |              |           |     |                 |    |                        |
| Extraordinary items - insurance                           | \$           | -         | \$  | -               | \$ | -                      |
| Bond proceeds   |              | -         |     | -               |    | 1,230,000              |
| Operating transfers in (out)                              |              | -         |     | 1,248,417       |    | -1,248,417             |
| Total Other Financing Sources (Uses)                      | \$           | -         | \$  | 1,248,417       | \$ | -18,417                |
| Net change in fund balances                               | \$           | 432,601   | \$  | 7,084           | \$ | -648,396               |
| Fund balances beginning of year                           |              | 448,360   |     | 81,942          |    | 1,218,273              |
| Fund Balances End of Year                                 | \$           | 880,961   | \$  | 89,026          | \$ | 569,877                |

See notes to financial statements.

|                 | Capital   |    | Non-Major  |          |            |
|-----------------|-----------|----|------------|----------|------------|
|                 | Projects: |    | Special    |          |            |
|                 | Tornado   |    | Revenue    |          | Total      |
|                 |           |    |            |          |            |
| e               |           | \$ | 210,083    | \$       | 3,408,697  |
| \$              | -         | Þ  | 210,063    | Ф        | 318,678    |
|                 | 4 100     |    | 281,476    |          | 552,681    |
|                 | 4,199     |    | 281,470    |          | 332,061    |
|                 | -         |    | 166        |          | 3,960,837  |
|                 | -         |    | 166        |          |            |
|                 | •         |    | 401.506    | •        | 158,221    |
| \$              | 4,199     | \$ | 491,725    | \$       | 8,399,114  |
|                 |           |    |            |          |            |
| \$              | _         | \$ | 105,603    | \$       | 3,260,757  |
| •               | _         |    | , <u>.</u> |          | 845,460    |
|                 | -         |    | 209,300    |          | 886,436    |
| \$              |           | \$ | 314,903    | \$       | 4,992,653  |
|                 |           |    | <u></u>    |          | <u> </u>   |
| \$              | -         | \$ | _          | \$       | 59,355     |
| w .             | 22,617    | _  | -          | _        | 271,993    |
|                 | 22,017    |    |            |          | 611,976    |
|                 | 7,092     |    | 91,841     |          | 732,427    |
|                 | 632       |    | 16,203     |          | 293,809    |
| <u> </u>        | 30,341    | \$ | 108,044    | \$       | 1,969,560  |
| \$              | 30,341    | \$ | 7,075      | \$       | 7,075      |
| \$              |           |    | 7,073      | <u> </u> | 7,073      |
| \$              | 40,933    | \$ | 46,312     | \$       | 1,163,712  |
|                 | -         |    | -          |          | 1,400,000  |
|                 | •         |    | -          |          | 95,620     |
|                 | -         |    | •          |          | 260,889    |
| \$              | 40,933    | \$ | 46,312     | \$       | 2,920,221  |
| <u>\$</u><br>\$ | 71,274    | \$ | 476,334    | \$       | 9,889,509  |
|                 |           |    |            |          |            |
| \$              | -67,075   | \$ | 15,391     | \$       | -1,490,395 |
|                 |           |    |            |          |            |
| \$              | 2,058,728 | \$ | _          | \$       | 2,058,728  |
| Þ               | 2,030,720 | Ψ  | _          | Ψ        | 1,230,000  |
|                 | _         |    | _          |          | 1,230,000  |
| \$              | 2,058,728 | \$ | -          | \$       | 3,288,728  |
|                 |           |    |            |          | ····       |
| \$              | 1,991,653 | \$ | 15,391     | \$       | 1,798,333  |
| _               | -,-,-,-,  | -  | 181,332    | -        | 1,929,907  |
|                 |           |    |            |          |            |
| _\$_            | 1,991,653 | \$ | 196,723    | \$       | 3,728,240  |

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds To the Statement of Activities

Year Ended June 30, 2008

| Net change in fund balances – total governmental funds (page 18)   | \$ | 1,798,333 |
|--|----|-----------|
| Amounts reported for governmental activities in the Statement of Activities are different because:   |    |           |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, these costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:                          |    |           |
| Loss on disposal of assets: Tornado  Expenditures for capital assets  Depreciation expense  \$ -1,047,52  1,041,97  -312,14  | 4  | -317,690  |
| Certain delinquent property tax not collected for several months after year end is not considered available revenue and is deferred in the governmental funds.   |    | -         |
| Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments exceeded issues, as follows: |    |           |
| Issued \$ -1,230,00 Repaid \$ 1,400,00   |    | 170,000   |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when  |    | -14,880   |
| it is due.  Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:  |    | ,         |
| Early retirement   |    | -588      |
| Change in Net Assets of Governmental Activities (page 15)  | \$ | 1,635,175 |

## Statement of Net Assets Proprietary Funds

## June 30, 2008

| Assets  |     | School<br>Nutrition<br>Fund | <br>Non-Major<br>Before &<br>After<br>School<br>Fund | Total        |
|---|-----|-----------------------------|--|--------------|
| -2440   |     |                             |  |              |
| Cash and cash equivalents                       | \$  | 25,215                      | \$<br>2,823  | \$<br>28,038 |
| Accounts receivable                             |     | 459                         | 246  | 705          |
| Inventories                                     |     | 3,159                       | -  | 3,159        |
| Capital assets, net of accumulated depreciation |     | 19,861                      | -  | 19,861       |
| Total Assets                                    | _\$ | 48,694                      | \$<br>3,069_   | \$<br>51,763 |
| Liabilities                                     |     |                             |  |              |
| Accounts payable                                | \$  | 70                          | \$<br>-  | \$<br>70     |
| Salaries and benefits payable                   |     | 8,757                       | _  | 8,757        |
| Deferred revenue                                |     | 7,115                       | -  | <br>7,115    |
| Total Liabilities                               | \$  | 15,942                      | \$<br>•  | \$<br>15,942 |
| Net Assets                                      |     |                             |  |              |
| Invested in capital assets, net of related debt | \$  | 19,861                      | \$<br>-  | \$<br>19,861 |
| Unrestricted                                    |     | 12,891                      | <br>3,069  | 15,960       |
| Total Net Assets                                | \$  | 32,752                      | \$<br>3,069  | \$<br>35,821 |

# Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

## June 30, 2008

|  |          | School<br>Nutrition<br>Fund |     | Non-Major<br>Before &<br>After<br>School<br>Fund | Total          |
|--|----------|-----------------------------|-----|--|----------------|
| Operating revenues:                      |          |                             |     |  |                |
| Local sources:                           |          |                             |     |  |                |
| Charges for service                      | _\$      | 243,220                     | \$  | 10,460   | \$<br>253,680  |
| Operating expenses:                      |          |                             |     |  |                |
| Non-instructional programs:              |          |                             |     |  |                |
| Salaries                                 | \$       | 123,127                     | \$  | 7,602  | \$<br>130,729  |
| Benefits                                 |          | 22,773                      |     | 1,041  | 23,814         |
| Purchased services                       |          | 6,873                       |     | <del>-</del>                                     | 6,873          |
| Supplies                                 |          | 228,472                     |     | 555  | 229,027        |
| Depreciation                             |          | 5,077                       |     | -  | 5,077          |
| Other                                    | <u> </u> | 375                         |     |  | <br>375        |
| Total operating expenses                 | \$       | 386,697                     | \$_ | 9,198  | \$<br>395,895  |
| Operating (loss) income                  | \$       | -143,477                    | \$_ | 1,262  | \$<br>-142,215 |
| Non-operating revenues:                  |          |                             |     |  |                |
| Loss on disposal of assets and inventory | \$       | -11,591                     | \$  | -  | \$<br>-11,591  |
| State sources                            |          | 4,433                       |     | -  | 4,433          |
| Federal sources                          |          | 146,556                     |     | -  | 146,556        |
| Interest income                          |          | 129                         |     | 6  | 135            |
| Total non-operating revenues             | \$       | 139,527                     | \$_ | 6  | \$<br>139,533  |
| Change in net assets                     | \$       | -3,950                      | \$  | 1,268  | \$<br>-2,682   |
| Net assets beginning of year             |          | 36,702                      |     | 1,801  | 38,503         |
| Net Assets End of Year                   | _\$_     | 32,752                      | \$  | 3,069  | \$<br>35,821   |

## Statement of Cash Flows Proprietary Funds

## Year Ended June 30, 2008

|  |      | School<br>Nutrition<br>Fund | Non-Major<br>Before &<br>After<br>School<br>Fund |     | Total    |
|--|------|-----------------------------|--|-----|----------|
| Cash flows from operating activities:  |      | ···                         |  |     |          |
| Cash received from daycare fees  | \$   | -                           | \$<br>10,592                                     | \$  | 10,592   |
| Cash received from sale of lunches and breakfasts  |      | 245,511                     |  |     | 245,511  |
| Cash paid to employees for services  |      | -148,889                    | -8,643   |     | -157,532 |
| Cash paid to suppliers for goods or services   |      | -230,086                    | -555   |     | -230,641 |
| Net cash used by operating activities  | \$   | -133,464                    | \$<br>1,394                                      | \$  | -132,070 |
| Cash flows from non-capital financing activities:  |      |                             |  |     |          |
| State grants received  | \$   | 4,433                       | \$<br>•  | \$  | 4,433    |
| Federal grants received  |      | 119,206                     | -  |     | 119,206  |
| Cash in lieu of commodities  |      | 25,659                      |  |     | 25,659   |
| Net cash provided by non-capital financing activities  | \$   | 149,298                     | \$<br>-  | \$  | 149,298  |
| Cash flows from investing activities:  |      |                             |  |     |          |
| Interest on investments  | _\$_ | 129                         | \$<br>6  | \$_ | 135      |
| Net increase (decrease) in cash and cash equivalents   | \$   | 15,963                      | \$<br>1,400                                      | \$  | 17,363   |
| Cash and cash equivalents beginning of year  |      | 9,252                       | <br>1,423  |     | 10,675   |
| Cash and Cash Equivalents End of Year  | _\$_ | 25,215                      | \$<br>2,823                                      | \$  | 28,038   |
| Reconciliation of operating loss to net cash used by operating activities:  Operating (loss) income  Adjustments to reconcile operating loss to net cash used by operating activities: | \$   | -143,477                    | \$<br>1,262                                      | \$  | -142,215 |
| Commodities used   |      | 1,691                       | _  |     | 1,691    |
| Depreciation   |      | 5,077                       | _  |     | 5,077    |
| (Increase) Decrease in inventories   |      | 3,872                       | _  |     | 3,872    |
| (Increase) Decrease in inventories (Increase) Decrease in accounts receivable  |      | -459                        | 132  |     | -327     |
| Increase (decrease) in salaries and benefits payable   |      | -2,989                      |  |     | -2,989   |
| Increase (Decrease) in deferred revenue  |      | 2,751                       | _  |     | 2,751    |
| Increase (Decrease) in accounts payable  |      | 70                          | -  |     | 70       |
| Net Cash Used by Operating Activities  | \$_  | 133,464                     | \$<br>1,394                                      | \$  | 132,070  |

## Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received \$1,691 of federal commodities.

## Statement of Fiduciary Net Assets Fiduciary Fund

# Year Ended June 30, 2008

|                             | Private Purpose Trust Scholarship |
|-----------------------------|-----------------------------------|
| Assets                      |                                   |
| Cash and pooled investments | \$ 290,185                        |
| Total Assets                | \$ 290,185                        |
| Liabilities                 | <u> </u>                          |
| Net assets                  |                                   |
| Reserved for scholarships   | \$ 290,185                        |

# Statement of Changes in Fiduciary Net Assets Fiduciary Fund

# Year Ended June 30, 2008

|   | Private<br>Purpose<br><u>Trust</u><br>Scholarship |
|---|---|
| Additions: Local sources: Interest income Total additions           | \$ 12,451<br>\$ 12,451                            |
| Deductions: Support services: Scholarships awarded Total Deductions | <u>\$</u>   |
| Change in net assets  | \$ 12,451   |
| Net assets beginning of year  | 277,734   |
| Net Assets End of Year  | \$ 290,185  |

#### Notes to Financial Statements

#### June 30, 2008

#### (1) Summary of Significant Accounting Policies

Aplington-Parkersburg Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Aplington and Parkersburg, Iowa and portions of the predominately agricultural territories in Butler and Grundy Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U. S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, Aplington-Parkersburg Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. Aplington-Parkersburg Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

<u>Jointly Governed Organization</u> – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

#### B. Basis of Presentation

Government-wide Financial Statements — The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

<u>Fund Financial Statements</u> – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Funds are used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's proprietary fund is the Enterprise, School Nutrition Fund. This fund is used to account for the food service operations of the District.

The District also reports fiduciary funds, which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

<u>Cash, Pooled Investments and Cash Equivalents</u> – The cash balances of most District funds are pooled and invested. Investments are stated at fair value.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

<u>Property Tax Receivable</u> – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2007.

<u>Due from Other Governments</u> – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

<u>Inventories</u> – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

<u>Capital Assets</u> — Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| Asset Class  | Amount             |
|--|--------------------|
| Land<br>Buildings  | \$ 2,000<br>10,000 |
| Improvements other than buildings  | 10,000             |
| Furniture and equipment: School Nutrition Fund equipment Other furniture and equipment | 500<br>2,000       |

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| Asset Class                       | Estimated<br>Useful Lives<br>(In Years) |
|-----------------------------------|---|
| Buildings                         | 50 years                                |
| Improvements other than buildings | 20 50 years                             |
| Furniture and equipment           | 5 15 years                              |

<u>Salaries and Benefits Payable</u> – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

<u>Deferred Revenue</u> — Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year-end.

<u>Long-term Liabilities</u> – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

<u>Fund Equity</u> – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

<u>Restricted Net Assets</u> – In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

During the year ended June 30, 2008, expenditures in the other expenditures function exceeded the amount budgeted.

### (2) Cash and Pooled Investments

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

#### (3) Inter-fund Transfers

The detail of inter-fund transfers for the year ended June 30, 2008 is as follows:

| Transfer to  | Transfer from          | Amount       |
|--------------|------------------------|--------------|
| Debt Service | Capital Projects: LOST | \$ 1,248,417 |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

## (4) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. The District did not participate in ISCAP for the year ended June 30, 2008.

# (5) Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

|  |                       | Balance<br>Beginning |    |                                       |    |            |          | Balance<br>End |
|--|-----------------------|----------------------|----|---------------------------------------|----|------------|----------|----------------|
|  |                       | Of Year              |    | Increases                             |    | Decreases  |          | Of Year        |
| Governmental Activities:   |                       |                      |    |                                       |    |            |          | <del></del>    |
| Capital assets not being depreciated:  |                       |                      |    |                                       |    |            |          |                |
| Land   | \$                    | 103,065              | \$ | -                                     | \$ | -          | \$       | 103,065        |
| Construction in process  |                       | 25,000               |    | -                                     |    | -25,000    |          | -              |
| Total capital assets not being depreciated   | \$                    | 128,065              | \$ | -                                     | \$ | -25,000    | \$       | 103,065        |
| <b>5</b> 1   |                       |                      |    |                                       |    |            |          |                |
| Capital assets being depreciated:  |                       |                      |    |                                       |    |            |          |                |
| Buildings  | \$                    | 5,592,992            | \$ | 701,073                               | \$ | -1,696,691 | \$       | 4,597,374      |
| Improvements other than buildings  |                       | 551,464              |    | 208,089                               |    | -138,629   |          | 620,924        |
| Furniture and equipment  |                       | 3,869,880            |    | 157,812                               |    | -138,858   |          | 3,888,834      |
| Total capital assets being depreciated   | \$                    | 10,014,336           | \$ | 1,066,974                             | \$ | -1,974,178 | \$       | 9,107,132      |
|  |                       |                      |    | 1                                     |    |            |          |                |
| Less accumulated depreciation for:   |                       |                      |    |                                       |    |            |          |                |
| Buildings  | \$                    | 4,663,557            | \$ | 77,399                                | \$ | -828,684   | \$       | 3,912,272      |
| Improvements other than buildings  |                       | 227,891              |    | 47,678                                |    | -19,312    |          | 256,257        |
| Furniture and equipment  |                       | 3,329,019            |    | 187,067                               |    | -78,662    |          | 3,437,424      |
| Total accumulated depreciation   | \$                    | 8,220,467            | \$ | 312,144                               | \$ | -926,658   | \$       | 7,605,953      |
|  |                       |                      |    |                                       |    |            |          |                |
| Total capital assets being depreciated, net  | \$                    | 1,793,869            | \$ | 754,830                               | \$ | -1,047,520 | \$       | 1,501,179      |
| , and the second |                       |                      |    | · · · · · · · · · · · · · · · · · · · |    |            |          | •              |
| Governmental Activities Capital Assets, Net  | \$                    | 1,921,934            | \$ | 754,830                               | \$ | -1,072,520 | \$       | 1,604,244      |
| ,  |                       |                      |    |                                       |    | <u> </u>   |          |                |
| Business type activities:  |                       |                      |    |                                       |    |            |          |                |
| Furniture and equipment  | \$                    | 80,990               | \$ | _                                     | \$ | -20,178    | \$       | 60,812         |
| Less accumulated depreciation  | Ψ                     | 47,347               | Ψ  | 5,077                                 | •  | -11,473    | -        | 40,951         |
| Less accumulated depreciation  |                       | .,,5.,               |    |                                       |    |            |          |                |
| Business Type Activities Capital Assets, Net   | \$                    | 33,643               | \$ | -5,077                                | \$ | -8,705     | \$       | 19,861         |
| business type metrices capital misses, we  |                       |                      |    |                                       |    |            |          |                |
|  |                       |                      |    |                                       |    |            |          |                |
| Depreciation expense was charged to the follow   | nwine                 | g functions:         |    |                                       |    |            |          |                |
| Governmental Activities:   | J ** 111 <sub>1</sub> | 5 ranottons.         |    |                                       |    |            |          |                |
| Instruction:   |                       |                      |    |                                       |    |            |          |                |
|  |                       |                      |    |                                       |    |            | \$       | 184,723        |
| Regular<br>Special   |                       |                      |    |                                       |    |            | -        | 999            |
| Other  |                       |                      |    |                                       |    |            |          | 27,404         |
| Support services:  |                       |                      |    |                                       |    |            |          | - · <b>,</b> · |
| Instructional staff  |                       |                      |    |                                       |    |            |          | _              |
| Administration   |                       |                      |    |                                       |    |            |          | 7,571          |
| Operation and maintenance of plant   |                       |                      |    |                                       |    |            |          | 18,798         |
| Transportation   |                       |                      |    |                                       |    |            |          | 69,193         |
| Transportation   |                       |                      |    |                                       |    |            | \$       | 308,688        |
| Non Instructional  |                       |                      |    |                                       |    |            | •        | 3,456          |
| Non msu actional   |                       |                      |    |                                       |    |            |          | 5,.55          |
| Total Depreciation Expense - Governmental  | Activ                 | vities               |    |                                       |    |            | \$       | 312,144        |
| Total Depreciation Expense - Governmental  | AÇU.                  | VILICS               |    |                                       |    |            |          | <u> </u>       |
| Business Type Astivities   |                       |                      |    |                                       |    |            |          |                |
| Business Type Activities:  |                       |                      |    |                                       |    |            | \$       | 5,077          |
| Food service operations  |                       |                      |    |                                       |    |            | Φ        | 3,017          |
| Before & After School  | A -4!                 |                      |    |                                       |    |            | \$       | 5,077          |
| Total Depreciation Expense - Business Type   | ACU                   | villes               |    |                                       |    |            | <u> </u> | 3,077          |

### (6) Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

|   | Balance<br>Beginning<br>Of Year       | <br>Additions                   | <br>Reductions  | Balance<br>End<br>Of Year             | Due<br>Within<br>One Year          |
|---|---------------------------------------|---------------------------------|-----------------|---------------------------------------|------------------------------------|
| General obligation bonds<br>Lost revenue bond<br>Early retirement | \$<br>1,400,000<br>930,000<br>225,546 | \$<br>1,230,000<br>-<br>105,041 | \$<br>1,400,000 | \$<br>1,230,000<br>930,000<br>226,134 | \$<br>200,000<br>170,000<br>29,349 |
| Total   | \$<br>2,55 <u>5,</u> 546              | \$<br>1,335,041                 | \$<br>1,504,453 | \$<br>2,386,134                       | \$<br>399,349                      |

### Early Retirement

The District offers a voluntary early retirement plan to its certified employees. Eligible employees must be at least age fifty-five and must have completed ten years of continuous service to the District. Employees must complete an application, which is subject to approval by the Board of Education. The early retirement incentive for each eligible employee approved by the Board will be based on the employee's salary in effect the last year of the employee's employment with the District. For licensed employees, the amount will be 75% of the employee's current salary less supplemental pay or extended contract pay. This amount shall be the lump sum amount of early retirement incentive the employee will receive upon retirement. All or part of this amount may be applied towards medical insurance premiums or a lump sum will be paid over a period of up to five years. Early retirement expenditures for the year ended June 30, 2008 totaled \$104,453.

### General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

|                      | Interest |                 |               |                 |
|----------------------|----------|-----------------|---------------|-----------------|
| Year Ending June 30, | Rate     | Principal       | <br>Interest  | Total           |
| 2009                 | 2.55%    | \$<br>200,000   | \$<br>35,296  | \$<br>235,296   |
| 2010                 | 2.55%    | 210,000         | 30,492        | 240,492         |
| 2011                 | 2.75%    | 220,000         | 25,138        | 245,138         |
| 2012                 | 2,95%    | 220,000         | 19,087        | 239,087         |
| 2013                 | 3,25%    | 215,000         | 12,598        | 227,598         |
| 2014                 | 3.40%    | <br>165,000     | <br>5,610     | 170,610         |
| Total                |          | \$<br>1,230,000 | \$<br>128,221 | \$<br>1,358,221 |

### Lost Revenue Bonds:

| Year Ending June 30, | Interest<br>Rate | Principal     | Interest        | Total     |
|----------------------|------------------|---------------|-----------------|-----------|
| 2009                 | 3.770%           | \$<br>170,000 | \$<br>31,509 \$ | 201,509   |
| 2010                 | 3.760%           | 180,000       | 24,921          | 204,921   |
| 2011                 | 3.720%           | 185,000       | 18,095          | 203,095   |
| 2012                 | 3.710%           | 195,000       | 11,037          | 206,037   |
| 2013                 | 3.710%           | <br>200,000   | <br>3,710       | 203,710   |
| Total                |                  | \$<br>930,000 | \$<br>89,272 \$ | 1,019,272 |

Total principal, interest and fees paid was \$1,495,620 at June 30, 2008.

### (7) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the years ended June 30, 2008, 2007 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$232,135, \$216,742, and \$223,055, respectively, equal to the required contributions for each year.

### (8) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### (9) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$260,889 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

### (10) Commitments

On May 25, 2008 the District facilities in Parkersburg experienced a tornado and lost the high school located in Parkersburg. As a result the district has various contracts for the construction of a new high school for \$16,000,000, a track resurfacing contract for \$116,974 and elementary roof repair for \$37,319. Insurance proceeds of approximately \$12 million are expected.

The district was in the process of adding a new auditorium for \$3,600,000. The District was to issue \$2,600,000 in bonds to finance that project which will now be a part of the new high school.

A middle school gym addition at Aplington for \$1,500,000 was also in process at June 30, 2008.



# Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds

### Required Supplementary Information

|  |      | Governmental<br>Funds<br>Actual |     | Proprietary<br>Funds<br>Actual |
|--|------|---------------------------------|-----|--------------------------------|
| Receipts:  | •    | 1 200 056                       | •   | 242 224                        |
| Local sources  | \$   | 4,280,056                       | \$  | 242,224                        |
| Intermediate sources   |      | 3,960,837                       |     | 4,433                          |
| State sources  |      | 158,221                         |     | 146,556                        |
| Federal sources  |      |                                 | \$  | 393,213                        |
| Total Receipts   | _\$_ | 8,399,114                       | ъ   | 393,213                        |
| Disbursements:   |      | 4.000.650                       | •   |                                |
| Instruction  | \$   | 4,992,653                       | \$  | -                              |
| Support services   |      | 1,969,560                       |     | 205.005                        |
| Non-instructional programs   |      | 7,075                           |     | 395,895                        |
| Other expenditures   |      | 2,920,221                       | _   | 205.005                        |
| Total Disbursements  |      | 9,889,509                       | \$_ | 395,895                        |
| Excess (deficiency) of receipts over (under) disbursements                                 | \$   | -1,490,395                      | \$  | -2,682                         |
| Other financing sources, net   |      | 3,288,728                       |     |                                |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and |      |                                 |     |                                |
| other financing uses   | \$   | 1,798,333                       | \$  | -2,682                         |
| Balances beginning of year   |      | 1,929,907                       |     | 38,503                         |
| Balances End of Year   | _\$_ | 3,728,240                       | \$  | 35,821                         |

| Total                |    | Budgete              | ed A | mounts               | Final to<br>Actual |
|----------------------|----|----------------------|------|----------------------|--------------------|
| <br>Actual           |    | Original             |      | Final                | Variance           |
| \$<br>4,522,280      | \$ | 4,367,126            | \$   | 4,367,126            | \$<br>155,154      |
| 3,965,270<br>304,777 |    | 3,921,320<br>298,000 |      | 3,921,320<br>298,000 | 43,950<br>6,777    |
| \$<br>8,792,327      | \$ | 8,586,446            | \$   | 8,586,446            | \$<br>205,881      |
|                      | •  |                      |      |                      |                    |
| \$<br>4,992,653      | \$ | 5,082,000            | \$   | 5,082,000            | \$<br>89,347       |
| 1,969,560            |    | 2,495,649            |      | 2,495,649            | 526,089            |
| 402,970              |    | 460,000              |      | 460,000              | 57,030             |
| 2,920,221            |    | 1,069,694            |      | 2,009,694            | -910,527           |
| \$<br>10,285,404     | \$ | 9,107,343            | \$   | 10,047,343           | \$<br>-238,061     |
| \$<br>-1,493,077     | \$ | -520,897             | \$   | -1,460,897           | \$<br>-32,180      |
| 3,288,728            |    | <b>=</b>             |      | -                    | 3,288,728          |
|                      |    |                      |      |                      |                    |
| \$<br>1,795,651      | \$ | -520,897             | \$   | -1,460,897           | \$<br>3,256,548    |
| 1,968,410            |    | 953,467              |      | 953,467              | 1,014,943          |
| \$<br>3,764,061      | \$ | 432,570              | \$   | -507,430             | \$<br>4,271,491    |

### Notes to Required Supplementary Information - Budgetary Reporting

### Year Ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with <u>Governmental Accounting Standards Board</u> Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$940,000.

During the year ended June 30, 2008, expenditures in the other expenditures function exceeded the amount budgeted.

| Other Supplementary Information |  |
|---------------------------------|--|
|                                 |  |
|                                 |  |
|                                 |  |
|                                 |  |
|                                 |  |
|                                 |  |
|                                 |  |

### Combining Balance Sheet Non-Major Special Revenue Funds

### June 30, 2008

|   | N        | lanagement<br>Levy |         | Student<br>Activity |      | Physical<br>Plant and<br>Equipment<br>Levy | <br>Total             |
|---|----------|--------------------|---------|---------------------|------|--|-----------------------|
| Assets Cash and pooled investments Receivables: | \$       | 92,424             | \$      | 174,532             | \$   | 7,695                                      | \$<br>274,651         |
| Property Tax: Delinquent Succeeding year        |          | 2,291<br>150,000   |         | -                   | · in | 898<br>60,182                              | <br>3,189<br>210,182  |
| Total Assets                                    | \$       | 244,715            | \$      | 174,532             | \$   | 68,775                                     | \$<br>488,022         |
| Liabilities & Fund Equity Liabilities:          |          |                    |         |                     |      |  |                       |
| Salaries and benefits payable Accounts payable  | \$       | 78,474<br>-        | \$      | -                   | \$   | 2,643                                      | \$<br>78,474<br>2,643 |
| Deferred Revenue: Succeeding year property tax  | -\$      | 150,000<br>228,474 | -\$     | <u>-</u>            | \$   | 60,182<br>62,825                           | \$<br>210,182         |
| Total liabilities  Fund Equity:                 | <u> </u> | 220,474            | <u></u> |                     | Ф.   | 02,823                                     | <br>271,277           |
| Unreserved fund balances                        | \$       | 16,241             | \$      | 174,532             | \$   | 5,950                                      | \$<br>196,723         |
| Total Liabilities and Fund Equity               | \$       | 244,715            | \$      | 174,532             | \$   | 68,775                                     | \$<br>488,022         |

### Combining Schedule of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds

|                                      | <br>Management<br>Levy |    | Student<br>Activity |    | Physical<br>Plant and<br>Equipment<br>Levy |    | Total          |
|--------------------------------------|------------------------|----|---------------------|----|--|----|----------------|
| Revenues:                            |                        |    |                     |    |  |    |                |
| Local Sources:                       |                        | _  |                     | _  | ٠, ,,,,                                    | •  | 010.000        |
| Local tax                            | \$<br>149,985          | \$ | -                   | \$ | 60,098                                     | \$ | 210,083        |
| Other                                | 1,396                  |    | 280,076             |    | 4  |    | 281,476        |
| State sources                        | <br>120                |    |                     |    | 46   |    | 166            |
| Total Revenues                       | \$<br>151,501          | \$ | 280,076             | \$ | 60,148                                     | \$ | 491,725        |
| Expenditures:                        |                        |    |                     |    |  |    |                |
| Current:                             |                        |    |                     |    |  |    |                |
| Instruction:                         |                        |    |                     |    |  |    |                |
| Regular instruction                  | \$<br>105,603          | \$ | -                   | \$ | -  | \$ | 105,603        |
| Other instruction                    | -                      |    | 209,300             |    | -  |    | 209,300        |
| Support Services:                    |                        |    |                     |    |  |    |                |
| Operation & maintenance of           |                        |    |                     |    |  |    |                |
| plant services                       | 63,573                 |    | -                   |    | 28,268                                     |    | 91 <b>,841</b> |
| Transportation services              | 16,203                 |    | -                   |    | -  |    | 16,203         |
| Non-instructional                    | 7,075                  |    | -                   |    | -  |    | 7,075          |
| Other Expenditures:                  |                        |    |                     |    |  |    |                |
| Facilities acquisition               | <br>-                  |    | _                   |    | 46,312                                     |    | 46,312         |
| Total Expenditures                   | \$<br>192,454          | \$ | 209,300             | \$ | 74,580                                     | \$ | 476,334        |
| Excess (deficiency) of revenues over |                        |    |                     |    |  |    |                |
| (under) expenditures                 | \$<br>-40,953          | \$ | 70,776              | \$ | -14,432                                    | \$ | 15,391         |
| Fund balances beginning of year      | 57,194                 |    | 103,756             |    | 20,382                                     |    | 181,332        |
| t and oalanoo oppositions of Jean    | <br>                   |    |                     |    |  |    |                |
| Fund Balances End of Year            | \$<br>16,241           | \$ | 174,532             | \$ | 5,950                                      | \$ | 196,723        |

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

|                           | Balance   | Revenues and |              | Intra-    | Balance     |
|---------------------------|-----------|--------------|--------------|-----------|-------------|
|                           | Beginning | Inter-fund   |              | Fund      | End of      |
| Account                   | Of Year   | Transfers    | Expenditures | Transfers | Year        |
| Athletics \$              | 13,479    | \$ 73,326    | \$ 73,734    | \$ -686   | \$ 12,385   |
| Music                     | 8,077     | 1,366        | 547          | 250       | 9,146       |
| Wellness                  | 620       | , <u> </u>   | •            | -         | 620         |
| All weather track         | 5,418     | 242          | -            | -         | 5,660       |
| Class of 2008             | 4,307     | 8,208        | 12,222       | 65        | 358         |
| Class of 2009             | 4,447     | 4,009        | 4,218        | 65        | 4,303       |
| Class of 2010             | 2,747     | 1,829        | 1,829        | •         | 2,747       |
| Class of 2011             | 1,085     | 2,233        | 2,373        | -945      | •           |
| Class of 2012             | 2,791     | 2,344        | 2,057        | -         | 3,078       |
| Class of 2013             | 1,153     | 1,212        | -            | 64        | 2,429       |
| Class of 2014             | -         | 903          | -194         | 891       | 1,988       |
| National Honor Society    | 1,872     | 1,790        | 1,322        | -         | 2,340       |
| Student Senate            | 1,175     | 3,161        | 3,149        | -         | 1,187       |
| Future Farmers of America | 5,614     | 11,480       | 13,602       | -         | 3,492       |
| Cheerleaders              | 3,297     | 1,550        | 282          | -         | 4,565       |
| Musical                   | 1,570     | 3,179        | 1,577        | -         | 3,172       |
| Drill Team                | 1,430     | 765          | 615          | -         | 1,580       |
| Spanish Club              | 1,807     | 8,298        | 3,848        | -         | 6,257       |
| Speech & Drama            | 3,380     | 1,202        | 1,036        | -         | 3,546       |
| Concessions               | 753       | 14,638       | 14,257       | -         | 1,134       |
| Popper                    | 989       | -            | 479          | -         | 510         |
| Towel                     | 1,437     | 862          | -            | -         | 2,299       |
| Elementary                | 4,613     | 4,019        | 3,400        | -         | 5,232       |
| Band trip                 | 7,138     | 718          | 584          | •         | 7,272       |
| Athletic resale           | 3,210     | 14,133       | 11,815       | -         | 5,528       |
| Lift-A-Thon               | 2,526     | 12,565       | 6,847        | -600      | 7,644       |
| S.A.D.D.                  | 76        | -            | 18           | •         | 58          |
| Awards                    | -         | 128          | 564          | 436       | -           |
| First Aid                 | 4,943     | 5,033        | 6,782        | -         | 3,194       |
| Auditorium                | 67        | -            | -            | -         | 67          |
| N.F.L.                    | -         | 64,789       | 11,125       | 600       | 54,264      |
| Greenhouse                | 720       | 225          | 297          | -         | 648         |
| High School Activity      | 448       | 1,586        | 1,389        | -         | 645         |
| Industrial Arts Projects  | 526       | 779          | 191          | -         | 1,114       |
| SAGA                      | 20        | -            | -            | -         | 20          |
| Middle School:            |           |              |              |           | 27          |
| Athletics                 | 47        | -            | 20           | -         | 27          |
| Special needs athletics   | 76        | -            |              | -         | 76          |
| Promotion                 | 2,824     | 503          | 1,908        |           | 1,419       |
| Drama                     | •         | 207          | 565          |           |             |
| Student Council           | 2,052     | 15,689       | 13,917       |           | 3,824       |
| Athletic resale           | 59        | 92           | 92           |           | 59<br>2.601 |
| Magazine sales            | <u>.</u>  | 8,217        | 5,616        |           | 2,601       |
| Library                   | 2,109     | 3,173        | 2,838        | -         | 2,444       |

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

| Account                   | <br>Balance<br>Beginning<br>Of Year | <br>Revenues<br>and<br>Inter-fund<br>Transfers | Expenditures  |    | Intra-<br>Fund<br>Transfers | Balance<br>End of<br>Year |
|---------------------------|-------------------------------------|--|---------------|----|-----------------------------|---------------------------|
| Middle School (continued) |                                     |  |               | _  |                             | 401                       |
| Juice sales               | \$                                  | \$<br>-  | \$<br>-       | \$ | -                           | \$<br>401                 |
| Pop sales                 | 586                                 | 2,254  | 2,516         |    | -                           | 324                       |
| Pictures                  | 1,154                               | 1,198  | 608           |    | -249                        | 1,495                     |
| Vocal music               | 143                                 | 116  | 96            |    | -                           | 163                       |
| Band                      | 190                                 | 223  | -             |    | -                           | 413                       |
| Elementary:               |                                     |  |               |    |                             |                           |
| Pictures                  | 1,587                               | 1,094  | 663           |    | -249                        | 1,769                     |
| Summer program            | 267                                 | -  | -             |    | -                           | 267                       |
| ATOM Elementary project   | <br>526                             | 738  | 496           |    |                             | <br>768                   |
| Total                     | \$<br>103,756                       | \$<br>280,076                                  | \$<br>209,300 | \$ | -                           | \$<br>174,532             |

### Schedule of Revenues by Source and Expenditures by Function All Governmental Funds

### For the Last Four Years

|   | Modified Accrual Basis |           |    |           |    |           |    |           |
|---|------------------------|-----------|----|-----------|----|-----------|----|-----------|
|   |                        | 2008      |    | 2007      |    | 2006      |    | 2005      |
| Revenues:                                   |                        |           |    |           |    |           |    |           |
| Local Sources:                              |                        |           |    |           |    |           |    |           |
| Local tax                                   | \$                     | 3,408,697 | \$ | 3,241,494 | \$ | 3,116,380 | \$ | 2,833,215 |
| Tuition                                     |                        | 318,678   |    | 345,948   |    | 320,342   |    | 298,814   |
| Other                                       |                        | 555,681   |    | 487,570   |    | 466,783   |    | 382,787   |
| Intermediate sources                        |                        | -         |    | -         |    | -         |    | -         |
| State sources                               |                        | 3,960,837 |    | 3,796,150 |    | 3,730,438 |    | 3,640,225 |
| Federal sources                             |                        | 158,221   |    | 170,914   |    | 170,888   |    | 250,388   |
| Total                                       | \$                     | 8,399,114 | \$ | 8,042,076 | \$ | 7,804,831 | \$ | 7,405,429 |
|   |                        |           |    |           |    |           |    |           |
| Expenditures:                               |                        |           |    |           |    |           |    |           |
| Instruction:                                | _                      |           | _  |           | _  |           | •  | 0.000.006 |
| Regular instruction                         | \$                     | 3,260,757 | \$ | 3,198,502 | \$ | 3,146,628 | \$ | 3,220,726 |
| Special instruction                         |                        | 845,460   |    | 915,034   |    | 806,494   |    | 736,950   |
| Other instruction                           |                        | 886,436   |    | 873,667   |    | 788,842   |    | 774,968   |
| Support services:                           |                        |           |    |           |    | 222 225   |    | 221.010   |
| Student services                            |                        | 59,355    |    | 102,868   |    | 229,827   |    | 221,810   |
| Instructional staff services                |                        | 271,993   |    | 245,754   |    | 295,706   |    | 280,722   |
| Administrative services                     |                        | 611,976   |    | 598,455   |    | 712,495   |    | 677,074   |
| Operation and maintenance of plant services |                        | 732,427   |    | 692,113   |    | 747,734   |    | 637,839   |
| Transportation services                     |                        | 293,809   |    | 487,279   |    | 379,475   |    | 255,392   |
| Non-instructional programs                  |                        | 7,075     |    | 6,609     |    | 6,107     |    | 4,571     |
| Other expenditures:                         |                        |           |    |           |    |           |    |           |
| Facilities acquisition                      |                        | 1,163,712 |    | 225,179   |    | 152,468   |    | 67,076    |
| Long-term debt:                             |                        |           |    |           |    |           |    |           |
| Principal                                   |                        | 1,400,000 |    | 175,000   |    | 170,000   |    | 286,967   |
| Interest and other charges                  |                        | 95,620    |    | 72,825    |    | 80,560    |    | 93,486    |
| AEA flow-through                            |                        | 260,889   |    | 249,614   |    | 240,057   |    | 238,210   |
| Total                                       | \$                     | 2,920,221 | \$ | 7,842,899 | \$ | 7,756,393 | \$ | 7,495,791 |

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

## Keith Oltrogge, CPA, P.C.

201 East Main Street P.O. Box 310 Denver, Iowa 50622

(319) 984-5292 FAX (319) 984-6408

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

To the Board of Education of
Aplington-Parkersburg Community School District:

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Aplington-Parkersburg Community School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued my report thereon dated December 23, 2008. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in <u>Government Auditing Standards</u>, issued by the Comptroller General of the United States

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Aplington-Parkersburg Community School District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing my opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Aplington-Parkersburg Community School District's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies and other deficiencies I consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Aplington-Parkersburg Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Aplington-Parkersburg Community School District's financial statements that is more inconsequential will not be prevented or detected by Aplington-Parkersburg Community School District's internal control. I consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Aplington-Parkersburg Community School District's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I believe items I-A-08 is not a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aplington-Parkersburg Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under <u>Government Auditing Standards</u>.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Aplington-Parkersburg Community School District's responses to findings identified in my audit are described in the accompanying Schedule of Findings. While I have expressed my conclusions on the District's responses, I did not audit Aplington-Parkersburg Community School District's responses and, accordingly, I express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Aplington-Parkersburg Community School District and other parties to whom Aplington-Parkersburg Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Aplington-Parkersburg Community School District during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

Keith Oltrogge Certified Public Accountant

December 23, 2008

### Schedule of Findings

#### Year Ended June 30, 2008

### Part I - Findings Related to the Financial Statements:

### INSTANCES OF NON-COMPLIANCE:

No matters were reported.

#### SIGNIFICANT DEFICIENCIES:

I-A-08 Segregation of Duties — One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Cash receipts are issued and bank deposits are prepared by the same person. An independent person does not open the mail and prepare an initial listing of the checks received and later compare the listing to the receipts issued. Also, vouchers are processed, disbursements are recorded, and checks are prepared by the same person.

<u>Recommendation</u> – I realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to review our procedures and implement additional controls where possible.

Conclusion - Response accepted.

I-B-08 Annual Financial Statements – The ability to apply generally accepted accounting principles to the financial statements and determine the sufficiency of the footnote disclosure is a necessary aspect of internal control over the District's financial reporting process. The District does not possess an individual with the appropriate expertise to apply generally accepted accounting principles to the financial statements and to draft and determine the sufficiency of the necessary disclosures. The District has a limited number of employees and it is not cost beneficial to employ an individual with this type of expertise and knowledge. The internal financial statements prepared by the District are not prepared in accordance with generally accepted accounting principles and do not contain the required footnote disclosures.

<u>Recommendation</u> – This is common control deficiency of most small schools and is often not corrected due to cost benefit considerations. I could assist you in gaining the necessary knowledge and skills if you determine that this is a control deficiency that the District would like to address.

Response – We will consult with you as needed on financial statement considerations.

Conclusions – Response accepted.

### Schedule of Findings

### Year Ended June 30, 2008

### Part II - Other Findings Related to Statutory Reporting:

II-A-08 <u>Certified Budget</u> – Expenditures for the year ended June 30, 2008 exceeded the amended certified budget amounts in the other expenditure function.

<u>Recommendation</u> – The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

<u>Response</u> – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded. The tornado caused unexpected expenditure at year end.

Conclusion - Response accepted.

- II-B-08 <u>Questionable Expenditures</u> No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-08 <u>Travel Expense</u> No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- II-D-08 <u>Business Transactions</u> No business transactions between the District and District officials or employees are detailed were noted.

| Name, Title & Business Connection                 | Transaction Description | Amount   |
|---|-------------------------|----------|
| Calvin Voss - Board Member & Owner of Voss Repair | Repairs and maintenance | \$42,058 |

In accordance with an Attorney General's opinion dated November 9, 1976, the above transaction does not appear to represent a conflict of interest.

- II-E-08 <u>Bond Coverage</u> Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- II-F-08 Board Minutes No transactions requiring Board approval which had not been approved by the Board were noted.
- II-G-08 <u>Certified Enrollment</u> No variances in the basic enrollment data certified to the Department of Education were noted.

### Schedule of Findings

### Year Ended June 30, 2008

### Part II - Other Findings Related to Statutory Reporting (continued):

- II-H-08 Deposits and Investments No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- II-I-08 Certified Annual Report The Certified Annual Report was certified to the Iowa Department of Education timely.
- II-J-08 Electronic Check Retention Chapter 554D.114 of the Code of Iowa allows the District to retain cancelled checks in an electronic format and requires retention in this manner to include an image of both the front and back of each cancelled check. The District retains cancelled checks through electronic image, but does not obtain an image of the back of each cancelled check as required.

<u>Recommendation</u> – The District should obtain and retain an image of both the front and back of each cancelled check as required.

<u>Response</u> – The District will obtain and retain images of both the front and back of cancelled checks as required. The District can go on line at any time and see/print the back side of any check.

Conclusion - Response accepted.